Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2009

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June 22, 2009

Auditors' Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the balance sheet of **Maritime Provinces Higher Education Commission** (the "Commission") as at March 31, 2009 and the statements of committed funds, revenue and expenditures – grants and revenue and expenditures – administration for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2009

	2009 $	2008 $
Assets		
Cash	1,063,634	1,495,812
Prepaid expenses	79,306	118,642
Amounts due from		
Government of Canada	14,235,768	18,461,579
New Brunswick	24,415,271	20,172,918
Newfoundland	204,000	–
Nova Scotia	153,878	133,083
Prince Edward Island	494,714	805,403
Amount due from the Council of Atlantic Premiers	39,500	–
Other receivables	77,234	171,902
	40,763,305	41,359,339
Liabilities		
Accounts payable and accrued liabilities	40,306	56,134
Amount due to the Council of Atlantic Premiers	–	6,518
Amounts payable to institutions		
Operating grants	3,615,633	3,489,986
Capital grants	3,289,888	3,710,468
Other	13,657,298	17,445,299
	20,562,819	24,645,753
Deferred revenue	116,848	246,544
	20,719,973	24,954,949
Committed Funds		
Operating grants	14,540,180	12,332,330
Capital grants	5,503,152	4,072,060
	20,043,332	16,404,390
	40,763,305	41,359,339

Commitments (note 5)

Approved by the Board of Directors

_____ Director

_____ Director

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2009

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2009 Total $	2008 Total $
Operating grants						
Balance – Beginning of year	10,851,695	143,460	1,334,675	2,500	12,332,330	10,065,092
Excess of revenue over expenditures (expenditures over revenue) for the year	2,253,789	–	(5,939)	–	2,247,850	2,354,281
Transfer to capital	–	–	–	–	–	(47,043)
Transfer to administration	(40,000)	–	–	–	(40,000)	(40,000)
Balance – End of year	13,065,484	143,460	1,328,736	2,500	14,540,180	12,332,330
Capital grants						
Balance – Beginning of year	4,072,060	–	–	–	4,072,060	3,509,384
Excess of revenue over expenditures for the year	1,430,000	–	1,092	–	1,431,092	515,633
Transfer from operating	–	–	–	–	–	47,043
Balance – End of year	5,502,060	–	1,092	–	5,503,152	4,072,060
Commitments outstanding – End of year	18,567,544	143,460	1,329,828	2,500	20,043,332	16,404,390

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2009

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Operating grants										
Revenue										
Grants										
Unrestricted	111,242,305	245,923,590	173,750	133,083	47,179,825	42,075,481	–	–	158,595,880	288,132,154
Restricted	9,118,071	8,852,551	–	–	1,134,700	1,334,700	–	–	10,252,771	10,187,251
Other	–	–	–	–	–	–	6,669,035	6,840,207	6,669,035	6,840,207
	120,360,376	254,776,141	173,750	133,083	48,314,525	43,410,181	6,669,035	6,840,207	175,517,686	305,159,612
Expenditures										
Grants										
Unrestricted (Schedule A)	109,207,558	244,492,515	173,750	139,137	47,184,001	42,113,125	–	–	156,565,309	286,744,777
Restricted (Schedule B)	8,899,029	8,032,295	–	–	1,136,463	1,188,052	–	–	10,035,492	9,220,347
Other (note 2)	–	–	–	–	–	–	6,669,035	6,840,207	6,669,035	6,840,207
	118,106,587	252,524,810	173,750	139,137	48,320,464	43,301,177	6,669,035	6,840,207	173,269,836	302,805,331
Excess of revenue over expenditures (expenditures over revenue) for the year	2,253,789	2,251,331	–	(6,054)	(5,939)	109,004	–	–	2,247,850	2,354,281
Capital grants										
Revenue	2,500,000	18,670,000	–	–	760,900	1,769,300	–	–	3,260,900	20,439,300
Expenditures (Schedule C)	1,070,000	17,777,867	–	–	759,808	2,145,800	–	–	1,829,808	19,923,667
Excess of revenue over expenditures (expenditures over revenue) for the year	1,430,000	892,133	–	–	1,092	(376,500)	–	–	1,431,092	515,633

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Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2009

	2009 $	2008 $
Revenue		
Contributions		
New Brunswick	522,994	518,830
Nova Scotia	655,656	646,019
Prince Edward Island	96,945	94,447
Transfers from operating reserves		
New Brunswick	40,000	40,000
Project revenue	154,932	261,099
	1,470,527	1,560,395
Expenditures		
Salaries and benefits	984,575	960,554
Office rent	97,457	109,092
Professional services	43,849	118,641
Travel		
Board members	19,871	14,042
Other	29,450	38,947
Per diem allowance	3,825	4,575
Special projects (note 3)	196,690	210,676
Office supplies, telephone and postage	31,833	32,698
Office furniture and equipment	24,870	17,849
Publications	5,070	3,086
Other	44,167	43,926
	1,481,657	1,554,086
Excess of revenue over expenditures (expenditures over revenue) for the year (note 4)	(11,130)	6,309
Excess of revenue over expenditures (expenditures over revenue) is distributed (recovered) as follows:		
Excess of revenue over expenditures due to the Council of Atlantic Premiers	–	6,309
Pension funding to be recovered from the Council of Atlantic Premiers	(39,500)	–
Amount allocated to fund future Graduate Follow-up Surveys project costs	28,370	–
	(11,130)	6,309

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Notes to Financial Statements

For the year ended March 31, 2009

1 Significant accounting policies

Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Commission. Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

Management estimate

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $80,951 (2008 - $85,863).

Pension Plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $159,202 (2008 - $122,386).

Financial instruments

The Commission has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. Financial instruments consist of amounts receivable, which will result in future cash receipts, as well as amounts payable, which will result in future cash outlays.

Fair value estimates are made at a specific point in item, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

The fair values of amounts receivable and amounts payable approximate the carrying values due to their short-terms to maturity.

1 Significant accounting policies (continued)

Financial instruments (continued)

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

Changes in accounting standards

Capital Disclosure

Effective April1, 2008, the Commission adopted the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535 "Capital Disclosures". The purpose is to enable users of the financial statements to evaluate the entity's ability to meet externally imposed capital requirements.

2 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2009 $	2008 $
Government of Canada – contribution to institutions under the Canada/New Brunswick Official Languages in Education Agreement	5,317,028	5,295,487
Government of Canada – contribution program to improve access to health services for official languages minority communities	949,650	1,043,917
Province of Prince Edward Island – rehabilitation program seats	166,250	142,500
Province of Prince Edward Island – Victoria General Hospital	32,106	136,303
Province of Newfoundland and Labrador – rehabilitation program seats	204,000	222,000
	6,669,034	6,840,207

3 Special projects

	2009 $	2008 $
Graduate Follow-up Surveys	98,064	54,965
MPHEC Conference/Workshop/Collaboration	–	30,779
Other	98,626	124,932
	196,690	210,676

4 Revenue and expenditures – Administration

The unallocated excess of revenue over expenditures for the year for Administration is considered to be part of the Consolidated Fund and, accordingly, is included in the amount due to the Council of Atlantic Premiers.

5 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities and office euqipment are as follows:

	$
Year ending March 31, 2010	89,782
2011	85,173
2012	85,173
2013	85,173

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Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2009 **Schedule A**

	2009 $	2008 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	1,931,424	1,890,424
Mount Allison University	6,434,312	9,264,486
St. Thomas University	3,820,540	4,966,511
Université de Moncton	24,838,581	34,610,087
University of New Brunswick	41,020,433	56,626,667
Additional grant to the above universities	–	110,000,000
University of Prince Edward Island – Atlantic Veterinary College	5,493,662	4,125,680
	83,538,952	221,483,855
Interprovincial transfers		
Université de Sherbrooke	1,084,199	1,776,665
Province of Newfoundland and Labrador	950,000	950,000
Province of Nova Scotia	4,652,700	3,526,700
Province of Ontario	19,932	12,633
Dalhousie University	522,145	–
Province of Québec	7,193,298	5,997,807
	14,422,274	12,263,805
Grants in lieu of Municipal Real Property Taxes	11,031,376	10,465,142
Other	214,956	279,713
	109,207,558	244,492,515
Nova Scotia		
Interprovincial transfers		
Province of Québec	173,750	139,137
Prince Edward Island		
Institutions		
Holland College	14,007,903	12,657,900
University of Prince Edward Island	27,907,872	25,273,772
	41,915,775	37,931,672
Interprovincial transfers		
Province of Nova Scotia	5,199,100	4,147,840
Province of Ontario	5,816	5,816
Province of Québec	63,310	27,797
	5,268,226	4,181,453
	47,184,001	42,113,125
	156,565,309	286,744,777

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Schedule of Restricted Grants Expenditures

For the year ended March 31, 2009 **Schedule B**

	2009 $	2008 $
New Brunswick		
Maritime College of Forest Technology	159,808	91,052
Mount Allison University	928,210	898,460
St. Thomas University	435,578	153,033
Université de Moncton	2,612,512	1,972,154
University of New Brunswick	3,978,508	3,740,717
Joint Project – Computer Network	784,413	1,176,879
	8,899,029	8,032,295
Prince Edward Island		
Holland College	660,658	746,852
University of Prince Edward Island	384,600	384,600
Joint Project – Computer Network	91,205	56,600
	1,136,463	1,188,052
	10,035,492	9,220,347

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Schedule of Capital Grants Expenditures

For the year ended March 31, 2009 **Schedule C**

	2009 $	2008 $
New Brunswick		
Mount Allison University	6,699	1,540,770
St. Thomas University	504,102	1,443,460
Université de Moncton	21,917	5,876,155
University of New Brunswick	537,282	8,884,084
Other	–	33,398
	1,070,000	17,777,867
Prince Edward Island		
University of Prince Edward Island	759,808	2,145,800
	1,829,808	19,923,667